



Coconino County
Office of the County Manager
Director of Special Initiatives
219 E. Cherry Ave.
Flagstaff, AZ 86001-4695
Phone : (928) 779-6576
Fax: (928) 779-6893
E-Mail: landreani@coconino.az.gov

November 24, 2008

RE: Anasazi Trails County Improvement District Update

Dear District Member,

Thank you very much for attending and participating in the Anasazi Trails County Improvement District meeting on November 17. The District Members discussed the options and agreed at the meeting to conduct an "election" to determine whether or not to continue with the road improvement process.

CURRENT PROJECT STATUS

Prior to voting, I would like to share with you important information so you can make an informed decision. After the meeting, the District Engineer further reviewed the estimate and now has established the estimated total cost for the project at \$425,886. Based on this estimate, the County contributes \$38,738 to the project and the District will be liable for \$387,147, or \$22,773 per parcel, excluding any financing charges. The District Engineer considers this a 90% confidence level estimate since they only need to complete the plans and specifications to reach the 90% engineering level. This per parcel cost figure is lower than the one shared at the meeting because it does NOT include financing costs and further revisions were made to the cost estimate.

As has been explained, each property owner will have the option of paying a part or all of the assessment upfront and thus can avoid some of all of the financing costs. If a property owners elects to finance all or a part of their assessment, then the remaining assessment cost will be financing over either ten (10) or fifteen (15). The financing for the project will be secured through a competitive process and thus the exact financing rate is unknown at this time. This past summer a district was financed by a bank at 4.9%. In addition to the financing interest rate, a reserve fund must also be established, which is typically calculated at 10% of the total cost remaining to be paid by the District after any upfront payments. If the total cost of the project remaining after upfront payments is less than \$300,000, then the County finances the project and there will be no reserve fund applied. With County financing, the interest rate will be based on the State's Local Government Fund rate, which usually runs between 2% - 4% plus 1%.

To date, 60 percent of the engineering work is completed. The District has spent \$29,540 on engineering and other (minor) costs to date.

ELECTION

With regard to the election, there are two options on the "ballot:"

OPTION 1: Finalize the Engineering and Conduct the Public Hearing

Option 1 provides for the completion of the engineering phase, which involves finalizing the plans and preparing the specifications. After the engineering is completed, the District will have the maximum cost for the road improvements since the statute requires that the construction cost cannot exceed the estimated cost by the district engineer. The next step in the process will be a Public Hearing conducted by the Board of Directors. At the Public Hearing each property owner has the option to protest against the District. If more than 50 percent of the property owners protest the District, then the District is placed immediately on hold for a minimum of six months. To remove the hold on the district, over 50% of the District Members must sign a petition requesting that the district move forward again.

If fewer than 50% of the property owners' protest and the Board of Directors decide to move forward, then the District will release a request for bids from construction firms based on the plans submitted by the District Engineer. The District will select the lowest and most responsible bid that does not exceed the Engineer's estimate. Once the bid is accepted and the exact value of the project is known, the District Members again have the option to protest the bids. Again if more than 50 percent of the property owners' protests, then the District is placed on hold for six months and the bid is rejected. It is important to note that the District will know the actual costs of the road improvement **ONLY** after bids are received. We estimate an additional cost of \$21,000 to prepare the plans and specifications, and to conduct the hearing and request bids.

OPTION 2: Terminate the District and Pay Current Costs

Option 2 terminates the District and results in a decision not to proceed with the road improvement at this time. According to state law, costs incurred by the District Members are distributed among all real property owners in the district according to their assessed property values. What this means is that we will secure the list of assessed values for each parcel in the district. The total assessed value will be compared to the assessed value for each individual parcel and thus a percentage will be assigned to each parcel based upon the relationship between the total assessed value for all properties and each individual property. The percentage for each parcel will then be applied to the total costs expended to date. For example, let's assume that parcel A is valued at \$10 and the total assessed value in the district is \$100. Parcel A pays 10% of the total costs expended to date (\$29,540) so therefore pays \$2,954. The district costs will be shown on each property owner's annual property tax bill. District members will have the option to pay the costs over two tax years (split the cost over two tax years). Each district member is responsible for paying their portion of the assessed costs or a lien will be placed on your property as is done when property taxes are not paid.

BALLOT DEADLINE

The deadline for submitting your ballot is **Friday, December 12** (approximately two weeks). We strongly encourage you to return the ballot as soon as possible. **The election results will reflect those property owners that vote so a majority of those that vote will prevail. The vote MUST be cast by the property owner and signed by the property owner. Only ONE vote per parcel. The signatures will be validated.**

Once we have received and tallied all the ballots, we will have another meeting or conduct another communication so that everyone is aware of the results. You can also obtain the results by visiting the District's webpage: <http://www.coconino.az.gov/roadimpdist.aspx?id=13556>.

We recognize that this is a lot of complicated information and that some of you have not attended any of the meetings. If you have any questions, need additional information, or want to discuss the options,

then please do not hesitate to contact me at (928) 779-6576 or my associate Eslir Musta at (928) 679-7176.

Sincerely,

A handwritten signature in black ink, appearing to read "Lucinda Andreani".

Lucinda Andreani
Director of Special Initiatives

Attachments:
Current Engineer's Estimate
Ballot